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25X1Talking Points for the DCI  
4 November 1983Iran-Iraq WarOverview

Iraq is carrying out an intense diplomatic offensive to ease its economic strangulation and to force Iran to negotiate, or failing that, to deflect condemnation of future Iraqi attacks on Iran's oil lifeline.

- ° Iraq gained adoption last Monday of a UN Security Council resolution calling for a ceasefire and expressing international support for freedom of navigation in the Persian Gulf.
- ° If diplomatic efforts fail to produce significant progress in halting the war of attrition, the Iraqis are likely to intensify air attacks later this year, probably using Super Etendard aircraft against tankers serving Iran.
- ° Iraq has said and France implied that the Super Etendards were delivered to Iraq last month. If true, the aircraft probably would be ready for a mission as early as mid-November.

Iran's war of attrition continues to bleed Iraq's economy and create morale problems in the military and war weariness among the populace. Oil earnings for the year -- about \$7 billion -- are less than one third of pre-war levels, forcing Baghdad to nearly exhaust its foreign exchange assets.

Iraq has warned its allies in the Persian Gulf that it will escalate the war if "its economic needs are not met." Baghdad probably also has pushed these states and Turkey to urge the US and the West to press Iran to end the war.

Iraq probably believes that US leadership is essential.

- ° Iraqi President Saddam Husayn is attempting to improve relations with the US, stating publicly that Baghdad might normalize ties with Washington before the war ends.

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- ° He has responded to US complaints about Iraqi links to terrorist groups by announcing that Iraq has severed ties with Abu Nidal, leader of the Black June Palestinian terrorists.

Iraq's diplomatic efforts are having mixed results in the economic field.

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- ° [redacted] Saudi Arabia and the smaller Gulf states have transferred about \$1.8 billion to Iraq so far this year, including a recent transfer of \$450 million by the Saudis. We believe oil sales on Iraq's behalf will contribute an additional \$2-3 billion for the year.
- ° Syria, however, has so far refused to reopen the Iraqi pipeline through Syria despite the strong urging of Iraq's Gulf allies.
- ° Saudi Arabia has agreed in principle to allow Iraq to build a pipeline that would connect with the trans-Saudi line, but such a line would take at least six months to complete and the Saudis appear unenthusiastic about the project.

If Saddam decides that his diplomatic offensive can make no further headway, he will rely more on his military alternative, including the Super Etendards.

- ° The Iraqis are developing details of a contingency plan to use the Etendards for a long-range strike, probably against shipping.
- ° Iraqi officials have told US diplomats in Baghdad that they will retaliate against any Iranian targets they choose if Iran continues the fighting inside Iraq. Iraqi reconnaissance aircraft have been ordered on missions over Bandar-e Khomeini.

Meanwhile, Iran is making its own preparations for an expanded war in the Gulf. The Iranians have moved missile patrol boats to Bandar Abbas and conducted an air and naval exercise near the Strait of Hormuz.

#### Current Military Developments

- ° Iraqi forces have suffered heavy casualties in fighting in northeastern Iraq, but have failed to halt the Iranian offensive. The Iranians have occupied territory, including important high ground, 15 kilometers inside Iraq near Panjwin. The Iraqis appear on the verge of evacuating Panjwin as Iranian pressure increases.

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- ° The Iraqis have retaliated by launching surface-to-surface missiles against Iranian cities, air attacks against shipping to Iran, and mining the entrance to the port of Bandar-e Khomeini. At least one merchant ship was damaged this week by an Iraqi air attack and others have been delayed by Iranian minesweeping operations, [REDACTED]  
[REDACTED] A temporary closure of Bandar-e Khomeini would increase congestion in other Iranian ports but probably would have little significant impact on Iran's domestic economic situation.

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